

SUCCESS STORY Energy Overhaul Wins Top Award

An energy project wins prestigious international management award



A USAID-sponsored reform team accepts the prestigious Platinum Award in London. From left to right: UEDC's Chief of Staff Irakli Elashvili and General Director Dean White, First Deputy Minister of Energy Alexander Khetaguri, and UEDC Manager Mamuka Kikalishvili.

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Telling Our Story U.S. Agency for International Development Washington, DC 20523-1000 http://stories.usaid.gov In 2003, USAID began working with the government of Georgia to transform the largest Georgian state-owned energy utility from a corrupt, inefficient operation into a trusted, efficient company. In 2006, the effort won the Platinum Award at the Management

Awards in London, sponsored by the Management Consultancies Association, the industry body for management consulting firms, which organizes the awards to recognize excellence in client work. An independent panel of business figures, journalists, and academics selects the most valueadding, innovative, and successful assignments. The award was given jointly to USAID and the Government of Georgia.

The project was part of USAID's Energy Security Initiative, which included a multi-year management contract for Georgia's largest electric utility, the United Energy Distribution Company (UEDC). The energy company was notorious for corruption, its bloated and ineffective workforce, and poor management.

Often braving personal danger, the USAID-financed team at UEDC battled corruption throughout the company and drastically improved its performance. The company now provides customers with reliable electricity for the first time since Georgia's independence. It is paying its taxes and its foreign energy suppliers in full and has increased employee salaries. It is also investing in improving customer service. Customer payments for electricity have even climbed from as little as 11 percent in 2003 to over 75 percent in 2006.

"We definitely appreciate the work of the UEDC management team. They took on the challenge of reforming a company that many felt was impossible to turn around... We consider the reform of the UEDC to be one of the most, if not the most, important successes to date in our energy reform program," said Alexander Khetaguri, First Deputy Minister of Fuel and Energy of Georgia. Although further challenges lie ahead, including the company's privatization and electricity tariff changes to name a few, the USAID-sponsored team has demonstrated the ability to rebuild a company from the ground-up, transforming it from a major cause of the country's energy instability into a model for reform of state-owned companies.